

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for approval of the Consumers Affordable Resource)	Case No. U-17493
for Energy pilot and amended tariff.)	
_____)	

At the December 9, 2016 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER

On October 3, 2016, Consumers Energy Company (Consumers) filed an application with the Commission requesting *ex parte* approval to make the company's Consumers Affordable Resource for Energy (CARE) program permanent and approval to amend the company's existing Shutoff Protection Plan (SPP) tariff for residential customers. Previously, on October 9, 2013, Consumers filed an application requesting *ex parte* approval of its CARE pilot program and related tariff. On November 14, 2013, the Commission issued an order approving the pilot and the amended tariff. On September 30, 2014, Consumers filed an application requesting Commission approval to extend the pilot program and amended tariff, and on October 7, 2014, the Commission approved a two-year extension. Based on the results of the pilot program, Consumers now seeks to make the program permanent.

In its application, Consumers stated that the company developed CARE as an innovative means to help its customers better manage their consumption of electricity and gas and the payment of their energy bills. The program is voluntary and offers certain low-income customers bill credits on gas and electric energy charges for the duration of the program period and a limited number of payments on arrears balances. The bill credits and arrears balance payments have been funded by a grant from the Michigan Energy Assistance Program (MEAP). The company was awarded \$13,220,000 dollars in MEAP funds for the fiscal year 2017 that the company plans to employ in continuance of the CARE program. CARE is dependent on MEAP funds for its operation and the future of the program is contingent on future awards of MEAP funding. Consumers intends to collaborate with the Michigan Department of Health and Human Services and other agency partners to implement the CARE program.

In order to participate, customers must: (1) have a household income at or below 150% of the federal poverty level, (2) not have unaddressed theft or fraud on their account, (3) be a Consumers' customer at a single-metered residence, and (4) sign an application indicating their agreement to comply with the terms and conditions of the program. Participants will be required to make their monthly payments on time. Should a participant fail to pay, the participant will be subject to the company's standard collection processes and will be given a reminder phone call plus 18 days beyond the due date to pay the past due bill, at which point the customer will be removed from CARE. Participants may not be simultaneously enrolled in the CARE program and the SPP or winter protection program (WPP). However, participants who elect to withdraw from CARE or who default out of CARE before the end of the CARE program year, may enroll in Consumers' WPP or set up an installment plan. If the customer withdraws or defaults, the customer may not participate in CARE for the remainder of the program year.

Consumers stated that its CARE pilot provided assistance to nearly 50,000 customers over its three-year operation. The program's current default rate is approximately 16%, compared to a 90% default rate for other plans such as SPP and WPP. Disconnects for participating customers have declined from 16% before enrollment to 5% after enrollment. Consumers conducted a quality survey in which 94% of customers reported satisfaction with the program and 90% reported increased awareness of energy use and how it relates to their bill. Relying on the above-stated results, Consumers now wishes to move the program out of pilot status to a permanent program, albeit dependent upon the availability of MEAP funding.

To fully implement the CARE program, Consumers proposes to amend the company's natural gas and electric rate books to include proposed Rule C5.6 in the company's gas tariffs and Rule C5.7 in the company's electric tariffs. In addition, the company proposes to amend its SPP tariff, Rule C5.4 in its natural gas and electric rate books. Consumers stated that the tariff changes will not increase rates or charges for any customer.

The Commission is encouraged by the initial results of the pilot. However, given the limited amount of low-income assistance funds available, the Commission needs to see additional information to determine whether the program is structured in a way that maximizes the benefits to both participants and all customers as outlined in the November 14, 2013 (November order) and October 7, 2014 orders in this docket. As set forth in the November order, the Commission believes that a properly designed and executed program will have the potential to not only reduce costs for, and provide other benefits to, participating customers, but also to reduce the utility's expenses for bad debt, disconnection/reconnection, and collection activities.¹ The Commission reiterates here that the company is directly administering the grant funds and so has the

¹ See, the November 14, 2013 Commission order in this docket, pp. 3-4.

opportunity to comprehensively assess how customers respond to the CARE approach in terms of their bill payment behavior, and to track the direct and indirect impact of the program on uncollectible expenses in aggregate and by enrolled customers (including those who maintain participation and those who drop out). The Commission sees considerable value in both the customer benefits and the information expected to be achieved by the pilot program and finds that more documentation from the company would be helpful.

As a result, the Commission declines to approve Consumers' application, however, the CARE pilot program is renewed for fiscal year 2017, which ends on September 30, 2017. If, following fiscal year 2017, the company desires to file an application to extend the pilot or make it a permanent program, the following information should be included with the filing:

1. The number of households that have participated in the CARE program in fiscal year 2017 and the number of those households that received energy services to optimize energy savings;
2. the number of participating customers who made consecutive on-time payments;
3. the number of households that were removed from the affordable payment plan;
4. metrics indicating how the CARE program has reduced the energy consumption of participating low-income households; and
5. metrics indicating how the CARE program has reduced the number of shutoffs.

THEREFORE, IT IS ORDERED that:

A. Consumers Energy Company's application to make the Consumers Affordable Resource for Energy pilot program a permanent program and the creation of permanent related amended and new tariffs is denied.

B. Consumers Energy Company's Consumers Affordable Resource for Energy pilot program is renewed for fiscal year 2017.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Court Rules' requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General-Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General-Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 9, 2016.

Kavita Kale, Executive Secretary